

SEYFARTH SHAW LLP
Christian J. Rowley (SBN 187293) crowley@seyfarth.com
Althea Bovell (SBN 200240) abovell@seyfarth.com
560 Mission Street, Suite 3100
San Francisco, California 94105
Telephone: (415) 397-2823
Facsimile: (415) 397-8549

Attorneys for Defendant
NEW UNITED MOTOR MANUFACTURING, INC.

UNITED STATES DISTRICT COURT

IN AND FOR THE NORTHERN DISTRICT OF CALIFORNIA

DAVID CANNON,

Plaintiff,

v.

NEW UNITED MOTOR MANUFACTURING,
INC., GENERAL MOTORS, TOYOTA
MANUFACTURING, AND DOES 1-50

Defendants.

) Case No.

)
) **DECLARATION OF CHRISTIAN J.**
) **ROWLEY IN SUPPORT OF**
) **DEFENDANT NEW UNITED MOTOR**
) **MANUFACTURING INC.'S NOTICE**
) **OF REMOVAL**

I, Christian J. Rowley, declare:

1. I am an attorney admitted to practice law in the state of California, and am a partner with the law firm of Seyfarth Shaw LLP, attorneys of record for Defendant NEW UNITED MOTOR MANUFACTURING, INC. ("Defendant"). I make this declaration based on my personal knowledge, except as to those matters which are stated on information and belief, and as to those matters I believe them to be true. If called to do so, I could and would testify competently thereto.

2. I make this declaration in support of Defendant's Notice of Removal of Civil Action to the United States District Court.

3. In my position, I am familiar with the relevant labor agreements in effect at the Defendant's facility in Fremont, California where Plaintiff worked.

1 4. True and correct copies of the Summons and Complaint are attached to the
2 accompanying *Notice of Removal* as *Exhibit A* and incorporated herein by this reference. I am
3 informed and believe that the Summons and Complaint were served by process server on
4 Defendant's agent for service of process on or about September 24, 2007, and received by
5 Defendant on September 24, 2007.

6 5. A true and correct copy of the collective bargaining agreement entered into by
7 NUMMI and Plaintiff's collective bargaining representative, the United Auto Workers of
8 America and Its Affiliated Local Union 2244, which was in full force and effect during the time
9 period relevant to the Complaint, is attached hereto as *Exhibit 1*, and incorporated herein by this
10 reference.

11 I declare under penalty of perjury under the laws of the State of California that the
12 foregoing is true and correct, and that this declaration was executed on October ²², 2007 in San
13 Francisco, California.

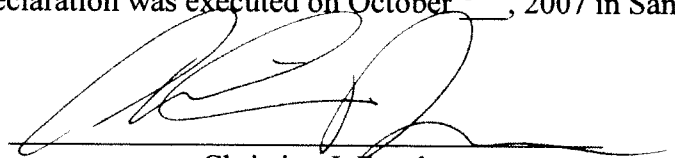
14 
15 Christian J. Rowley

EXHIBIT 1

COLLECTIVE BARGAINING AGREEMENT

between

New United Motor Manufacturing, Inc.

and

International Union, United automobile,
Aerospace and Agricultural Implement
Workers of America, UAW

and its

Affiliated Local Union, 2244

August 6, 2005

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I. INTRODUCTION

1.1 This Agreement is made and entered into this 6th day of August, 2005 by and between New United Motor Manufacturing, Inc., hereinafter referred to as the COMPANY, and the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America, UAW and its affiliated Local Union 2244, hereinafter referred to as the UNION.

The Parties recognize that this is a historic endeavor and that progress for the Company and the members of the Union is to a large extent interdependent and therefore together we are committed to building and maintaining the most innovative and harmonious labor-management relationship in America.

1.2 In the administration of this Agreement, and in our day to day relationship, we will exhibit mutual trust, understanding and sincerity, and, to the fullest extent possible, will avoid confrontational tactics.

Should differences or misunderstandings occur they will be resolved through full and open communication. The manufacturing environment will be based on teamwork, mutual trust and respect that gives recognition to the axiom that people are the most important resource of the Company. We are cognizant that if this endeavor is to be a success, labor and management must work together as members of the same team.

II. COMMITMENTS AND RESPONSIBILITIES

1.1 The Company's primary objective is to grow and prosper. Since the catalyst for its progress is its employees, it recognizes its obligation to keep them employed and improve their wages and working conditions. It accepts Union organizing and collective bargaining as an essential and constructive force in our democratic society.

1.2 The Union's primary objective is to improve the quality of life for its members and their families by assuring that they will be treated with dignity and provided with economic security. In addition, it is essential to the Union's purpose to assure that workers are afforded the opportunity to master their work environment; to achieve not only improvement in their economic status but, of equal importance, to gain from their labors a greater measure of dignity, self-fulfillment and self-worth. It recognizes, however, the necessity of increasing productivity as a factor in its role in contributing to the development of the Company, which is the source of its members' employment and income.

To achieve the common goal of maintaining and improving the quality of life for employees and their families through Company growth the Parties are committed to:

- Maintain a prosperous business operation necessary to maintain fair wages and benefits that will assure a satisfactory standard of living and to provide secure jobs with the opportunity for advancement;
- Provide workers a voice in their own destiny in decisions that affect their lives before such decisions are made;
- Provide that the plant is operated under methods, which will promote, to the fullest extent possible, economy of operation, quality and quantity of output, cleanliness of the plant, and protection of property;
- Work together as a team;
- Build the highest quality automobile in the world at the lowest possible cost to the consumer;
- Promote full communication over the established policies and procedures;

- Cooperate with established standards of conduct and promote fair and equitable treatment;

- Maintain a safe work place utilizing new and innovative programs that could be a model for use throughout the entire industry;
- Resolve employee concerns through procedures using problem solving and non-adversarial techniques that are based on consensus instead of confrontation;
- Recognize the full worth and dignity of all employees, both bargaining unit and non-bargaining unit, and to treat each other with respect;
- Constantly seek improvement in quality, efficiency and work environment through KAIZEN, QC circles, and suggestion programs; and
- Recognize and respect each other's rights and perform all responsibilities sincerely.

1.4 Management Responsibilities

In carrying out the above commitments, the Company has the exclusive responsibility, except as specifically relinquished in this Agreement, to plan, direct, and control Company operations, including items such as products to be manufactured; method of manufacturing, including tools and equipment, schedules or production, and processes of manufacturing or assembling; establishment of standardized work; purchase or making of products or services to be incorporated into the products manufactured or processes; establish standards of conduct, including discipline or discharge for good and just cause; hiring, laying off, assigning, transferring, promoting, training and communication with all employees. In performing these responsibilities, the Company will inform the Union about the following matters:

- The inauguration or retirement of top management;
- Annual Company objectives;
- Major organizational changes;
- Semi-annual business plans;
- Company's long-range plans and policies;
- Establishment of quarterly production schedules;
- Contemplated in sourcing or outsourcing decisions;
- Technological changes that will impact the bargaining unit, and
- Other major events.

Additionally, the Company will meet and confer and make its best efforts to reach a consensus with the Union prior to initiating or changing Company policies relating to terms and conditions of employment. The Company shall make no change in Company policies contrary to the terms of this Agreement except as by mutual agreement of the Parties.

1.5 Union Responsibilities

The Union has the exclusive responsibility of representing its membership regarding all terms and conditions of employment and to ensure that they are treated consistent with the terms of this Agreement and that they receive fair and equitable wages and benefits.

The Union accepts the responsibility to promote the common objectives and to cooperate with the Company in administering, on a fair and equitable basis, standards of conduct; attendance plans and problem resolution; to promote constant improvements

in quality and productivity; and to cooperate with the Company in dealing with governmental entities.

1.6 Employee Responsibilities

The Company and the Union recognize and accept their responsibility to strive to create and maintain a positive work environment. To accomplish the same for the present and the future, all employees shall have the following responsibilities:

- Support the performance of the total team and actively support other members of the team;
- Meet reasonable team goals and participate in setting of team goals;
- Work within reasonable Company guidelines and philosophy;
- Respect the individual rights of others;
- Support and abide by reasonable standards of conduct and attendance policies;
- Promote good housekeeping and maintain a safe work environment;
- Promote KAIZEN by continually looking for opportunities to make the Company more efficient;
- Achieve quality goals and improve quality standards;
- Support the team concept; and
- Assist the Company in meeting production goals and schedules.

III. JOB SECURITY

New United Motor Manufacturing, Inc. recognizes that job security is essential to an employee's well being and acknowledges that it has a responsibility, with the cooperation of the Union, to provide stable employment to its workers. The Union's commitments in Article II of this Agreement are a significant step towards the realization of stable employment. Hence, the Company agrees that it will not lay off employees unless compelled to do so by severe economic conditions that threaten the long-term financial viability of the Company:

The Company will take affirmative measures before laying off any employees, including such measures as, the reduction of salaries of its officers and management, assigning previously subcontracted work to bargaining unit employees capable of performing this work, seeking voluntary layoffs, and other cost saving measures.

In summary, the Parties to this Agreement recognize that job security for bargaining unit employees will help to ensure the Company's growth and that the Company's growth will ensure job security.

IV. EQUAL OPPORTUNITY

1. The Company and the Union will abide by all applicable Equal Employment Opportunity laws. Both parties agree that the provisions of this Agreement shall apply to all employees covered by this Agreement without discrimination, and in carrying out their respective obligations under this Agreement neither will unlawfully discriminate against any employee on account of race, color, national origin, age, sex, sexual orientation, marital status, religion or against any disabled employee as per applicable law.

2 Any employee determined to be disabled under the ADA and requiring reassignment as reasonable accommodation will be assigned consistent with the bargaining agreement to any vacant

position in any department, including positions outside the home department, for which the employee is otherwise qualified.

ADA qualified team member's will be assigned to an open permanent position within a group where they can perform a full team rotation within their medical restrictions and where the employee has either seniority at least equal to the lowest seniority employee in the group, or where the employee would be the highest seniority employee on the transfer list.

V. RECOGNITION

1. The Company hereby recognizes the Union, as the sole and exclusive representative of all employees described in Section 2 below, for the purpose of collective bargaining in respect to rates of pay, wages, hours of employment, or other terms and conditions of employment.

Bargaining Unit.

2. The term employee shall include all production and maintenance employees employed by the Company at its Fremont facility located at 45500 Fremont Blvd., Fremont, California 94538, excluding guards and supervisors as defined in the Act and all other employees of the Company.

VI. UNION SECURITY

1.1 Any employee who is a member of the Union in good standing on the effective date of this Agreement shall, as a condition of employment, maintain membership in the Union to the extent of paying periodic membership dues and initiation fees uniformly levied against all Union members. Such employee's membership dues and initiation fees may be deducted from the employee's earnings by signing the form for "Authorization for Checkoff of Dues", or if no such authorization is in effect, the employee must pay membership dues and initiation fees directly to the Union.

1.2 Any employee who is not a member of the Union in good standing on the effective date of this Agreement, shall, on the 31st day after such date or on the 31st day following employment, or on the 31st day following transfer into the bargaining unit, whichever is later, as a condition of employment, become a member and maintain membership in the Union to the extent of paying periodic membership dues and initiation fees uniformly levied against all Union members. Such employee may have membership dues and initiation fees deducted from the employee's earnings by signing the form for "Authorization for Checkoff of Dues" (attached as Exhibit 1), or if no such authorization is in effect, the employee must pay membership dues and initiation fees directly to the Union.

1.3 The Union will furnish the Company, within fifteen (15) days from the effective date of this Agreement, the names of all members paying dues directly to the Union.

1.4 Initiation fees for membership in the Union shall be an amount not to exceed the maximum prescribed by the Constitution and Bylaws of the Union, and which is uniformly required of each applicant for membership in the Local Union.

1.5 The Union shall accept into membership each employee covered by this Agreement who pays to the Union the dues and initiation fees uniformly required as a condition of acquiring or retaining membership in the Union.

1.6 The Union shall indemnify and hold the Company harmless against all claims or liabilities that may arise out of actions by the Company in complying with this Article.

VII. DUES CHECKOFF

1.1 During the life of this Agreement, the Company agrees to deduct Union membership dues levied by the International Union or Local Union in accordance with the Constitution and Bylaws of the Union, from the pay of each employee who executes or has

executed the "Authorization for Checkoff of Dues" form marked Exhibit "1" and attached hereto.

1.2 A properly executed copy of such "Authorization for Checkoff of Dues" form for each employee for whom Union membership dues are to be deducted hereunder shall be delivered to the Company before any payroll deductions are made. Deductions shall be made thereafter only under "Authorization for Checkoff of Dues" forms which have been properly executed and are in effect. Any "Authorization for Checkoff of Dues" which is incomplete or in error will be returned to the Union by the Company.

1.3 Checkoff deductions, under all properly executed "Authorization for Checkoff of Dues" forms which have been delivered to the Company on or before the effective date of this Agreement, shall continue for the duration of this Agreement.

1.4 Thereafter the Union shall deliver to the Company any executed "Authorization for Checkoff of Dues" forms under which Union membership dues are to be deducted beginning with the following calendar month. In the event that membership dues other than those for the calendar month in which the deduction is made and initiation fees have become due and owing by an employee subsequent to the form, but prior to the first deduction by the Company thereunder, such membership dues and initiation fees will be deducted by the Company at the time it makes the first deduction for membership dues. The Union will notify the Company, in writing, when it makes delivery of "Authorization for Checkoff of Dues" forms of the amounts owing by employees who executed these forms.

1.5 In the case of employees rehired, or returning to work after layoff or leave of absence, or being transferred back into the bargaining unit, who have previously properly executed "Authorization for Checkoff of Dues" forms, deductions will be made for membership dues as provided herein.

1.6 In cases where a deduction is made which duplicates a payment already made to the Union by an employee, or where a deduction is not in conformity with the provisions of the Union Constitution and Bylaws, refunds to the employee will be made by the Union.

1.7 Dues deductions shall be remitted to the designated financial officer of the Local Union once each month within one (1) calendar week after such deductions are made. Any deductions made from subsequent payrolls in that month shall be included with the remittance for the following month. The Company shall furnish the designated financial officer of the Union, monthly, with a list of those for whom deductions have been made and the amounts of such deductions.

1.8 Any employee whose employment is terminated during his or her evaluation period, or any employee who is transferred to a classification not in the bargaining unit, or any employee whose seniority is broken by death, quit, discharge, layoff or sick leave of absence shall cease to be subject to checkoff deductions beginning in the month immediately following the month in which such termination or transfer occurred or seniority was thus broken. The Company will notify the Union following the end of each month of the names of such employees and will designate the reason each such employee ceased to be subjected to the checkoff.

1.9 Any dispute which may arise as to whether or not an employee properly executed or properly revoked an "Authorization for Checkoff of Dues" form, shall be reviewed with the employee by a representative of the Union and a representative of the Company.

1.10 The Company shall not be liable to the International Union or the Local by reason of the requirements of this Article of the Agreement for the remittance or payment of any sum other than that constituting actual deductions made from employees' wages earned.

1.11 The deduction for monthly dues will be made from the second pay day for the calendar month.

1.12 If the deduction is not made at the time described above, the deduction shall be made from the next pay.

1.13 If an employee receives a back pay settlement or award for any calendar month when no dues have been deducted, a deduction for each month shall be made from the settlement or award.

1.14 The Union shall indemnify and hold the Company harmless against all claims or liabilities that may arise out of actions taken by the Company in complying with any of the provisions of this section.

VIII. REPRESENTATION

For the purposes of representing the employees relative to the terms and conditions of this Collective Bargaining Agreement and to carry out the mutual commitments and responsibilities set forth in Article II, the Union shall have the following representation structure:

1. Local Union President

1.1 The Local Union President who is elected from the employees of the Company, will be responsible for representing the Union in a variety of functions in, as well as out of, the plant. The President shall perform functions as defined in the Problem Resolution Procedure, Article X, and such other Articles as may be applicable.

1.2 The President shall have such other duties and responsibilities as shall be determined by the Parties, such as coordination and assistance in the areas of safety, training, education, orientation and Joint Company/Union Programs.

2. Chairperson Of The Bargaining Committee

2.1. The Chairperson of the Bargaining Committee, who is elected from among the employees of the Company, shall represent the entire bargaining unit. The Chairperson shall be responsible at the Local Union level for the overall administration of the Collective Bargaining Agreement. The Chairperson shall perform functions as defined in the Problem Resolution Procedure, Article X, and such other Articles as may be applicable. The Chairperson shall make assignments to members of the Bargaining Committee and the **Zone Committeepersons** consistent with the terms of this Agreement.

2.2. One of the key mutual goals of the Parties is to resolve problems at the earliest possible stage. The Chairperson of the Bargaining Committee will meet with the Manager of Team Member Relations on a day to day basis to discuss how best to carry out that goal, and how best to meet the mutual commitments of the Parties as set forth in Article II.

3. Acting Chairperson Of The Bargaining Committee

The Chairperson of the Bargaining Committee shall designate any member of the Committee as Acting Chairperson, who will perform the duties of the Chairperson in the Chairperson's absence.

3.1 Zone Committeeperson

The Zone Committeeperson will have the following responsibilities:

- Prepare cases for the Problem Resolution Procedure including gathering all evidence, notes and other pertinent data from the District Committeeperson (The District Committeeperson has the sole responsibility to turn over all information to the Zone Committeeperson prior to the case being prepared).
- Upon request from the District Committeeperson or by direction from the Chairman of the Bargaining Committee, assist in any investigation.

- Other duties as assigned by the Chairman of the Bargaining Committee.

4. The Bargaining Committee

The Bargaining Committee shall consist of the Chairperson, Two (2) Bargaining Committeepersons, Two (2) **Zone Committeepersons** and the President of the Local Union. The Bargaining Committee shall have the responsibility, in conjunction with the International Union, of negotiating a new Collective Bargaining Agreement to replace the present agreement or make modifications thereto. The Two (2) Bargaining Committeepersons will also function as District Committeepersons as defined in Section 5, below. There will be one (1) bargaining committeeperson on 1st shift elected by 1st shift employees and one (1) bargaining committeeperson on 2nd shift elected by 2nd shift employees. Bargaining Committeepersons must be elected from the district committeepersons on each shift.

There will be one (1) zone committeeperson on 1st shift elected by 1st shift employees and one (1) zone committeeperson on 2nd shift elected by 2nd shift employees.

5. District Committeepersons

5.1 For the purpose of representation, the Chairperson of the Bargaining Committee and the Manager of Team Member Relations, shall by mutual agreement, establish Districts in the plant. There shall be Six (6) Districts on the Day Shift and Six (6) Districts on the Night Shift (2nd Shift).

5.2 Where there is an overlap period between shifts where employees are working outside of the normal two (2) shifts, the Chairperson of the Bargaining Committee shall assign the responsibility of representing those employees to one or more of the above District Committeepersons.

5.3 One (1) Union Representative for the Expanded Work Force will be appointed by the Chairperson of the Bargaining Committee.

6. **Duties Of District Committeepersons**

Each District Committeeperson shall have responsibilities relating to proper administration of this Agreement with the Company. These duties include:

- Meeting with Company representative to resolve complaints under the Problem Resolution Procedure;
- Participating with the Company in Standards of Conduct and Attendance Counseling Committees;
- Joint investigations with the Company in potential suspension/discharge cases;
- Represent an employee(s) (if requested by the employee(s)) in disciplinary action that may result in suspension or discharge; and
- Implementing this Agreement and cooperating with the Company in implementing Labor Relations Policies such as attendance control, vacation scheduling, safety records, call-in duties, lost time accident reports, and leaves of absence.

7. **Alternate District Committeeperson**

There shall be one (1) Alternate District Committeeperson for each regular District Committeeperson who shall be designated by the Union. In cases where a District Committeeperson is absent, the Alternate District Committeeperson may function in the Committeeperson's place during such absence. However, the Alternate shall not function or be paid for performing representational duties when the Committee person is absent and being paid by the Company for the Committeeperson's representational duties.

8. **General Representatives**

Eight (8) representatives, appointed by the International Union, will be assigned to positions in the Safety, Ergonomics, Employee Benefits, Employee Assistance, Return to Work and Apprenticeship/Skilled/Cross Training and Community Involvement areas of the Human Resources Department. The General Representatives will have regular full time duties determined by the Company and the Union.

9. **Rate Of Pay**

The Local Union President, the Chairperson of the Bargaining Committee, **Zone Committeepersons**, the District Committeepersons and the General Representatives shall be paid according to the mutual agreement of the Parties for time spent in representational duties at the plant. In addition, the President of the Local Union shall be paid up to sixteen (16) hours per week and the Chairperson shall be paid for up to sixteen (16) hours per week according to the mutual agreement of the Parties for time spent on representational duties off the plant premises. Before leaving the plant premises, arrangements must be made with the Manager of Team Member Relations. Normally Committeepersons will not perform representational duties off premises but they may, when given permission by the Manager of Team Member Relations. Requests for permission to perform off premises representational duties must come from the Chairperson of the Bargaining Committee.

10. **Union Coordinator**

10.1 There shall be one (1) Union Coordinator designated by the Union for every **four (4)** Groups in the Plant by **July 1, 2006**. The Groups will be combined by the Manager of Team Member Relations and the Chairperson of the Bargaining Committee. The Union Coordinator shall be selected from among the employees in the Group that the employee represents. The Union Coordinator will perform a full-time job in the Plant.

10.2 The function of the Union Coordinator, in part, is to provide representation and assistance in the solution of problems and

potential problems within the Groups where the Coordinator works. It is the intent of the Parties, in the spirit of true teamwork, that all best efforts be made by the affected employee(s), Union Coordinator and Group Leader to quickly resolve problems arising within the Group, in an informal atmosphere and on a non-precedent setting basis. The Union Coordinator will perform functions as defined in the Problem Resolution Procedure, Article X, and other activities as agreed to by the Parties, including but not limited to, Group Meetings.

10.3 Meetings with the Union Coordinator or problem handling shall be arranged during the periods in which there is clearly no interference with the job duties of both the Coordinator and Employee, such as lunch or break time. Union Coordinators will be paid two (2) hours pay per week at their straight-time hourly rate for performing their representational duties. This two (2) hours pay shall not be included for purposes of computing overtime.

11. General Provisions

11.1 Upon entering a section to perform representational responsibilities and in order to facilitate communication and create a positive atmosphere, all Union representatives shall notify the Manager, Assistant Manager or Group Leader of that area of their presence and purpose.

11.2 The names of all Union Officers, Committeepersons and Union Coordinators shall be given to the Human Resources Department in writing by the President of the Local Union, the Chairperson of the Bargaining Committee, or an International Representative. No person shall be allowed to function in these positions until forty-eight (48) hours after such notice.

11.3 Upon the request of the President or Chairperson of the Bargaining Committee of the Local Union, or an International Representative, the Company shall excuse an employee without pay for all or part of a shift, unless such excuse would substantially interfere with production, for the purpose of

conducting Union business of such nature as attendance at the UAW Convention, attendance at Board Meetings of the Local Union, and summer programs conducted by the UAW, etc. The Manager of Team Member Relations shall receive a written absence notification from the Local Union President, Chairperson of the Bargaining Committee or an International Representative as far in advance as possible, but in no event less than forty-eight (48) hours before the absence.

IX. JOINT CONFERENCE

1. Purpose

The Company and the Union will have periodic Joint Conferences to allow both parties full understanding of situations within and surrounding the Company and the Union. The purpose of these Joint Conferences is to facilitate joint efforts in establishing a work environment and relationship characterized by mutual respect and trust.

2. Level/Composition

2.1 Joint Conferences shall be held at the Company Level (Executive Joint Conference), and sectional level within the bargaining unit (Section Joint Conference).

2.2 Executive Joint Conferences shall be composed of the President, Executive Vice President, Vice Presidents, and other designated management personnel relating to the issues to be discussed, and the International Representative, President of the Local Union, Bargaining Committee Chairperson, and Committeepersons.

2.3 Section Joint Conferences shall be composed of Section Manager, Assistant Manager, if any, and designated personnel related to the issues, the Committeepersons and Union Coordinators within the Sections.

3. Agenda

An agenda shall be determined by mutual agreement and shall not include problems defined in Article X or negotiation matters. Each party shall furnish the other with an agenda which they wish to discuss as far in advance of the meeting as possible.

4. Meeting Hours

Executive Joint Conferences shall be held at a mutually agreeable time. Section Joint Conferences shall be held at a mutually agreeable time after working hours.

X. PROBLEM RESOLUTION PROCEDURE

Scope Of Problem

- 1.1 In the event any employee has a "problem" concerning the interpretation or application of any terms of this Agreement, or any other work-related problem, such matters shall be adjusted according to procedures in this Article except where the Agreement specifically states that a certain matter shall not be subject to this Problem Resolution Procedure or where a certain matter is subject to other resolution procedures.

- 1.2 The Union agrees that this procedure shall be the exclusive procedure for any problem resolution and it further agrees to discourage any employee to appeal to any court or other government agency any resolution rendered through this procedure.

2. FIRST STEP: Informal Discussion -- Team Effort For Resolving Problem

- 2.1 The Company and the Union shall encourage all employees to attempt to resolve problems within the Group using problem-solving methods. Any employee with a problem shall first discuss the problem with the employee's Group Leader. If the problem is not settled to the satisfaction of the employee, the employee may discuss the problem with the Union Coordinator during the period in which there is clearly no interference with their job duties such as lunch, break period, etc.

- 2.2 Because of the value and importance of full discussion in clearing up misunderstandings and preserving harmonious relations, every reasonable effort shall be made to resolve problems promptly at this point through discussion. The resolution of an employee problem at this stage shall not set a precedent or a binding past practice on either party.

- 2.3 The Group Leader shall answer the problem within three (3) working days from the date on which the problem is made known to the Group Leader. The Group Leader's answer shall state the basis for the Group Leader's position. If the problem is not resolved through discussion with the employee(s) immediate Group Leader, and/or the Union Coordinator, the Union Coordinator or the employee(s) may request the Group Leader to call the District Committeeperson. The Group leader shall place the Committeeperson call within twenty-four (24) hours of the request. The Team Member Relations Representative shall be notified by the District Committeeperson within five (5) working days after the Group Leader answers the problem.

- 2.4 Investigation of Problem: The Committeeperson and Team Member Relations Representative shall jointly complete the investigation of the circumstances of the problem within three (3) working days from the notification to the Team Member Relations Representative. Thereafter, they shall discuss the problem with the Section Manager and others concerned in order to resolve it.

3. SECOND STEP

- 3.1 If the matter remains unresolved, within three (3) working days after completion of the investigation, the Committeeperson may present the problem to the Manager of Team Member Relations on a Problem Notice Form supplied by the Company and agreed to by the Union.
- 3.2 The Problem Notice Form shall state the nature of the problem and the pertinent facts, the date on which the act or conduct

forming the basis for the problem occurred, the contract provision or provisions alleged to have been violated, the nature of the problem and the remedy requested, and be signed by the grieving employee and/or the Union. All employees involved in a group problem shall be identified on the form. The form shall also be signed and dated by the Committee person.

3.3 The Chairperson of the Bargaining Committee and Manager of Team Member Relations, or their authorized designees, shall meet on Tuesdays at 10:00 a.m. (or such other time as the parties may mutually agree upon) to review all Problem Notices filed in the previous week. They shall review the investigation made at the First Step and shall seek to resolve the problem. If they are not able to resolve the problem at the Second Step meeting, the Manager of Team Member Relations shall give the Chairperson of the Bargaining Committee a written Second Step answer to the problem within three (3) working days after the Second Step meeting, stating the reasons for his position. If the Problem Notices from the previous week are not heard at the Tuesday Second Step meeting they may be dispositioned by the Company.

4. THIRD STEP: Appeal To Joint Union/Management Committee

4.1 If the second step written answer does not resolve the problem, the Chairperson of the Bargaining Committee may give the Team Member Relations Manager a written "Notice of Unresolved Problem", on forms supplied by the Company and agreed to by the Union. The written Notice of Unresolved Problem shall be presented within three (3) working days from the time of the written answer in the Second Step.

4.2 Within five (5) working days, the Company and the Union shall prepare and exchange three (3) copies of a written "Statement of Unresolved Problem" setting forth their positions, the facts of the case and provisions of this Agreement in support of their positions. Following the exchange of statement, the Joint Union/Management Committee shall be convened to review the Problem and to discuss it fully to resolution. The Joint Union/Management Committee shall consist of three (3)

Company representatives—Vice President, Human Resources, Manager of Team Member Relations, and a General Manager related to the problem or their designee(s), and three (3) Union representatives—International Representative, President and Bargaining Committee Chairperson of the Local Union or their designee(s).

4.3 If the case is not resolved by the Joint Union/ Management Committee, the Company shall give its decision in writing to the Union's Joint Union/Management Committee Member within five (5) working days after the Joint Union/Management Committee meeting.

FOURTH STEP: Arbitration

5. FOURTH STEP: Arbitration

5.1 If the Union is not satisfied with the Company's Third Step written decision, the International Representative, within fifteen (15) calendar days from receipt of the Company's written decision in the Third Step, shall submit a completed "Notice of Appeal to Arbitration" form to the Team Member Relations Manager, on a form supplied by the Company and agreed to by the Union.

5.2 This notice shall specify the issues involved in the problem, all new facts ascertained by the Union, and remedy requested. Problem(s) appealed in this manner shall be discussed by the Union's Regional Director or a designated staff member and Vice President, Human Resources or designee prior to presentation before the Arbitrator.

5.3 Problem(s) not adjusted at this time may be referred to the Arbitrator in writing by either party to this discussion.

6. Arbitrator

6.1 Within fifteen (15) calendar days of the meeting described in the preceding paragraph, the parties shall jointly request the

American Arbitration Association to furnish both parties with an appropriate panel of seven (7) Arbitrators.

6.2 The parties shall then select an Arbitrator from this panel by mutual agreement or by alternately striking a name therefrom until one (1) name is left. The selection shall be made within five (5) working days after receipt of the panel list. The parties may jointly select an available arbitrator when necessary in order to expedite the arbitration process. The arbitration shall be conducted in accordance with the rules of the American Arbitration Association.

6.3 All costs of arbitration, including the arbitrator's fees and expenses, shall be shared equally by the Company and the Union. Each party shall bear the expense of its own presentation, including attorney's fees, outside consultants and the like.

7. Power Of Arbitrator

7.1 The Arbitrator shall be empowered to hear, investigate and decide any differences between parties concerning the interpretation or application of the provisions of this Agreement. The Arbitrator shall have no power or authority to rule on or to decide any matter which is not covered by express provisions of this Agreement or which is left to the responsibility or discretion of the Company. The Arbitrator shall have no power to: (1) add to, subtract from, or otherwise modify any of the provisions of the Collective Bargaining Agreement; (2) establish or modify any wage; (3) rule on problems concerning standardized work; (4) rule on problems concerning the Company's Benefit Plans, such as the Group Insurance Program, Health Care Insurance Program, Retirement Plan, Savings Plan, or Reserve Fund Plan; (5) rule on problems concerning health and safety; (6) rule on those issues or disputes in which the parties waived their rights under Article XXX; or (7) rule on any matter specifically excluded from the Problem Resolution Procedure by any part of this Agreement.

7.2 During the hearing, the Arbitrator may conduct such investigations as appropriate and reasonable.

8. **Arbitrator's Decision**
All decisions within the defined authority of the Arbitrator shall be final and binding on all parties.

9. Time Limits

9.1 A written problem shall be filed within fifteen (15) working days after occurrence of the event-giving rise to the problem unless the circumstances of the case make it impossible for the employee or the Union to know that there were grounds for the claim prior to that date. If a written problem is not filed within the time limit, the problem is not valid under this Problem Resolution Procedure.

9.2 Any problem not appealed within the time limits shall be considered settled on the basis of the last decision and not subject to further appeal or to arbitration. However, an employee who does not appeal a problem from one step to another shall be given one (1) automatic two (2) day extension of time to properly perfect his appeal. An employee or Union who uses this extension shall have no further extension at any step of the Problem Resolution Procedure. If the Company does not answer a problem within the time period specified, the problem shall be deemed denied and may be taken to the next step of the Problem Resolution Procedure.

9.3 The time limits provided for in this Article may be extended by written agreement of the parties. The party requesting the extension shall initiate the request in writing.

9.4 Prior to the hearing by the Arbitrator, the parties may agree to refer a problem back to the preceding step of the Problem Resolution Procedure for the purpose of further discussion or investigation including new evidence not set forth in the prior written record.

9.5 At any step prior to the hearing by the Arbitrator, the Union Representative(s) and Company Representative(s) designated for

that step shall have the authority to resolve a problem, provided that the problem settlement does not supersede or conflict with any provisions of this Agreement.

9.6 During or after the hearing by the Arbitrator, a problem may be withdrawn by agreement of the parties.

10. Effect Of Resolution

10.1 Any claim against the Company shall not be valid for the period prior to the date the written problem was first filed, except that:

- (a) For a back wage claim based on a non-continuing violation, the claim should be valid for a period of not more than fifteen (15) days prior to the date the written problem was first filed; or
- (b) For a back wage claim based on a continuing violation, the claim shall be limited retroactively to a thirty (30) day period prior to the date the claim was first filed in writing, if the circumstances of the case made it impossible for the employee or the Union to know that there were grounds for the claim prior to that date.

10.2 Amount of Back Wage: The claim for back wages shall not exceed the amount of wages the employee would otherwise have earned at the employee's regular rate, including overtime, less:

- (a) any unemployment or workers' compensation the employee received, or was entitled to; or,
- (b) any compensation for personal services received or earned during the period covered by the problem that the employee would not have earned if the employee had been working.

11. Discipline And Discharge

11.1 If an employee is called to the Team Member Relations Section or to a meeting with a supervisor concerning discipline, the

employee may request the presence of the District Committeeperson for representation during the interview.

11.2 Immediately after any corrective suspension or issuance of second and any subsequent written corrective notice for violation of the Standards of Conduct or Good Attendance program, the Good Conduct and Attendance Counseling Committee shall confer with the employee. The Committee will discuss all relevant facts and circumstances to assist the employee in improving the employee's conduct or attendance. In addition, the committee shall impress upon the employee the importance of Good Conduct and Attendance.

11.3 The Good Conduct and Attendance Counseling Committee shall consist of a Group Leader, Team Member Relations Representative and Committeeperson.

11.4 A written corrective notice is not subject to Problem Resolution Procedure in this Article; provided, however, that if a problem involving a suspension or discharge is appealed to arbitration, all written corrective notices preceding the suspension or discharge also may be contested during the arbitration.

11.5 Any problem regarding suspension and discharges shall be filed to the Third Step provided in Section 4 of the Problem Resolution Procedure, within three (3) working days from the disciplinary action taken. If a problem regarding discharge is not resolved in the Problem Resolution Procedure, it shall be expedited to the Arbitration Step taking precedent over all other problems and the Arbitration shall be held within two (2) weeks where possible.

11.6 The employee and the Union will be provided a copy of any written corrective notice, suspension or discharge entered in the employee's personnel file.

XI. SENIORITY

1. Definition

Seniority means an employee's unbroken service with the Company in years, months and days since the employee's most recent date of hire. Seniority shall be established on a Company-wide basis and separately within Division I and Division II.

2. Evaluation Period

2.1 An employee may acquire seniority after successfully completing an initial evaluation period of ninety (90) calendar days starting with the most recent date of hire. The employee will receive credit for seven (7) calendar days for each pay period the employee works except hiring week. After completion of the initial evaluation period, seniority shall date back to ninety (90) days from the date seniority is acquired.

2.2 The initial evaluation period will be used to measure performance based on ability to perform required tasks, quality and quantity of work, attendance, punctuality, and ability to work as a team member. The retention of an employee during the evaluation period shall be at the Company's discretion, and termination of such employee shall not be subject to the Problem Resolution Procedure. In the event of a potential termination of employment during the evaluation period, a member of the Team Member Relations Section and a Committeeperson will review any unusual or mitigating conditions and circumstances relevant to the potential termination of the employee.

2.3 If two employees have the same amount of seniority, the employee with the lowest last four numbers on his or her social security number will have the greatest seniority, and if that still does not break the tie, the lowest last (5) numbers on his or her social security number will have the greatest seniority.

3. Loss Of Seniority

Seniority will be broken and lost, and employment shall cease for the following reasons:

a. Discharge for just cause;

b. Quit or Retirement;

c. Failure to report to work for four (4) consecutive working days without prior notice, unless unusual conditions or circumstances exist;

d. Failure to report to work within six (6) consecutive working days (excluding Saturday and Sunday) without a Company approved leave of absence unless unusual conditions or circumstances exist;

e. Failure to return to work within four (4) consecutive working days (excluding Saturday and Sunday) after the expiration of a leave of absence unless unusual conditions or circumstances exist;

f. Accepting employment while on leave of absence, unless prior written approval has been granted by the Company, or specifically permitted by other language in this agreement; or

g. Being on a sick leave beyond the leave period set forth in Paragraphs 9.3 and 9.4, Article XXIII, of this Agreement.

h. Falsifying or omitting pertinent information on any Company record, with regards to employment application, the rule shall be one (1) year from hire date.

4. Transfer

4.1 When an employee is transferred permanently from Division I to Division II, the employee shall establish seniority in Division II as of the date of transfer (entry date). When an employee is transferred temporarily from one Division to another, the employee shall retain accumulated seniority as of the date of the transfer in the Division from which the employee was transferred and continue to accrue seniority.

4.2 Employees who leave the bargaining unit for a Salaried position after 8/6/05 shall have their bargaining unit seniority frozen for

one year and will not accumulate bargaining unit seniority while in a salaried position. If the employee remains in a Salaried position beyond the one year period, all bargaining unit seniority will be lost.

5. Seniority List

The Company will furnish the Union with a seniority list on a quarterly basis, or on request of the Chairperson of the Bargaining Committee.

XII. TRANSFERS

1. Definitions

Transfer means an employee moving from one Group or Section to another. A regular transfer is a transfer for more than three (3) months. A temporary transfer is for no more than three (3) months.

2. Regular Transfer

The Company may transfer employees. If efficiency and production needs permit, the Company will give priority to employees who have made application for a posted transfer as set forth below.

3. Application For Transfer

Except in the case of Quality Assurance Audit Team Members, if an employee has worked in a section or group for at least twelve (12) months, an employee may file an application to be transferred to an open job in another Group during the Ten (10) working day posting period for an opening. Quality Assurance Audit Team Members must have worked for at least thirty six (36) months on the Audit Team in order to be eligible to transfer from that assignment.

Notice of the openings will be located on the Company's Bulletin Boards throughout the plant for a period of Ten (10) working days. The Job Posting notice shall include the following information:

- The date and time of the posting
- The date and time of the closing
- The group
- The Location
- The shift the opening is on
- The physical requirements of the job

The application, available in Team Member Relations, must be filed with the Team Member Relations Section no later than the date and time of closing. The application shall include:

- a. employee's current job and all previous jobs held in the Company;
- b. employee's plant and division seniority dates;
- c. job for which a transfer is sought; and
- d. experience, qualifications, and knowledge the employee has for the job.

Employees not filing an application by the date and time of closing shall forfeit any claim to the position.

3.2 Once an employee accepts a transfer, all other pending applications for current job postings are automatically cancelled. An employee who is transferred is not eligible to apply for another transfer until after twelve (12) months from the effective date of the transfer.

4. Selection

4.1 When an open job is to be filled, the Company will review all applications which have been submitted prior to the date and time of closing, and select the most qualified applicant. Those applications on file for the job. Production needs permitting, the Company will select for transfer the employee or employees it

believes have the capability and knowledge to perform the job. For Division I, where two or more employees have relatively equal capability, and production needs permit the selection of any one of them, the employee with the greatest seniority will be transferred. For Division II, where two or more employees have relatively equal capability and knowledge, and production needs permit the selection of any one of them, the employee with the greatest seniority will be transferred. If no employee makes application for the job and the production needs permit, the Company will transfer volunteer(s) or the least seniority employee(s) among those who are qualified for the job in the Group from which transfers are required. Current employees who have made application for transfer will be given preference over new hires for permanent openings.

4.2 Transfers will occur by the Monday following fifteen (15) working days after the Company has notified the employee of the Transfer.

4.3 When a vacancy occurs within a team, the opening will first be offered by seniority within the group where the opening exists. Only one such move will be allowed.

4.4 If an employee files a transfer application based on health reasons, the Company will make a decision whether or not to transfer after consultation with the Company Medical Office.

5. Temporary Transfer

5.1 The Company may temporarily transfer employee(s) for a maximum period of three (3) months per transfer, without regard to the other provisions of this Article. Where practical, the Company will transfer a volunteer or applicant. If there is none, the employee having the least seniority among those who are capable of doing the required job in the team from which the transfer is required will be transferred.

5.2 An employee temporarily transferred from Division II to Division I shall be paid at his/her regular Division II rate. An employee

who is temporarily transferred to Division II will receive the rate of pay for the job being performed for all hours worked.

6. Notification

6.1 Except in emergency cases, the Company shall give prior notice to the employee who is to be transferred.

6.2 For transfers from one shift to another, the Company will give one (1) week notice where possible.

6.3 Management will furnish the Chairperson of the Bargaining Committee a list of such permanent openings as far in advance as possible of such transfers.

7. Consideration On Return

If an employee is involuntarily reassigned from one section or group to another as a result of a change in takt time or other reduction in force, and if production needs and qualifications permit, that employee will be permitted to fill openings in the employee's original section or group before regular transfer applications are considered. The following provisions apply to consideration for return:

7.1 An employee must make application to return to the section or group. Applications may be submitted only during the first thirty (30) days after the employee's reassignment.

7.2 The application for return will be considered for openings occurring in the section or group during a twelve (12) month period following the submission of the application. After the twelve (12) month period, openings will be filled in accordance with normal transfer procedures.

7.3 Refusal of an opportunity to return to the section or group under these provisions automatically cancels the application.

7.4 If an employee returns to a section or group in accordance with these provisions, any open transfer requests on file at the time of return will be valid.

7.5 If two persons qualify for a single opening in accordance with these provisions, preference will be given to the employee with greater seniority.

8. **Reduction in Force**

8.1 In the event a takt time change or other reduction in force results in the need to move employees from one Group to another, the Company will attempt to honor the requests of volunteers in selecting any employees to be moved. If there are no volunteers and when production needs permit, employees will be reduced out of the Group according to seniority and qualifications.

8.2 In the event a team leader position is eliminated from the Group, the team leader may elect to:

- A) remain in the Group on another team as a team leader provided he/she has the seniority and qualifications;
- B) be reassigned to an available team leader opening within the section or;
- C) be demoted to team member and remain in the Group provided he/she has the seniority and qualifications.

8.3 If there are no available team leader openings in the team leader's section or the team leader does not have the seniority or qualifications to remain in their original group, then the team leader will be demoted to team member and reduced in accordance with section 8.1.

XIII. SHIFT ASSIGNMENT

1.1 The parties recognize that it is necessary, from time to time, to reassign employees to different shifts to maintain quality, efficiency of production among shifts, to train other employees, or to accommodate employees' desires. It is also recognized that employees who desire to change shift should be given shift

preference based on seniority and qualifications. During the initial evaluation period, the new employee will be assigned to an appropriate shift decided by the Company for training purposes up to the first ninety (90) days of employment.

1.2 Assignment from one shift to another shall be in the following manner:

- a. Once every six (6) months an employee may make a written application to the Group Leader for reassignment to the corresponding Group on another shift.
- b. An applicant who is eligible under the terms of the Agreement, shall be reassigned to the requested shift as soon as possible, but not later than the first Monday following ten (10) working days from the date the application is filed. This reassignment shall be made in accordance with seniority in the respective Division, subject to the applicant's qualification to perform the required work and the ability of the employees on the former shift to perform the remaining work. The employee who is displaced as a result of a greater seniority employee exercising shift preference rights under this Article will be reassigned to the corresponding Group on the other shift and will be given ten (10) days written notice by management of the new shift assignment.

1.3 When the Company believes it is necessary to reassign an employee(s) from one shift to another to maintain quality, efficiency or for training, these reassignments shall be made first from qualified volunteers who can be released from their current shift assignment. If there are no such volunteers, reassignments shall be made from the least seniority employees who are qualified to perform the work. Such reassignment shall not normally exceed three (3) months except where to do so would adversely effect the Company's operation.

1.4 When the Company implements a new shift(s), the Company may assign the lowest seniority qualified employee from the present shift to the new shift to maintain quality and efficiency of production. Employees who have made a written application for the new shift will be given preference. Employees who have been reassigned may make application to be reassigned to another shift after three (3) months, in accordance with this Article.

1.5 In the event of the addition of a Production shift, there will be no shift preference for ninety (90) days. In cases of model changeover which require more than one (1) week shutdown, there will be no shift preference for thirty (30) days.

XIV. TEAM CONCEPT

1.1 The parties agree that the Company will utilize a team concept, whereby employees will be organized into teams of approximately 5-10 members. All members of a team share responsibility for the work performed by the team, and for participation in Quality/Productivity improvement programs such as QC Circles and KAIZEN. Generally, and as practical, team members are expected to rotate jobs within the team.

1.2 Each team will have a Team Leader selected in accordance with Article XVI in this Agreement. Team Leaders shall be members of the bargaining unit.

XV. BARGAINING UNIT WORK

1.1 Salaried employees or other non-bargaining unit employees will not be used as substitutes for hourly employees nor will they deprive bargaining unit employees of available work.

1.2 The principal function of the Group Leader is to direct the activities of workers in a particular area. The Parties recognize, however, that it may be necessary for the Group Leader or other non-bargaining unit employees, including employees of Toyota Motor Corporation, to perform the work that is normally performed by bargaining unit employees for the following reasons:

- Assisting in engineering or breakdowns;
- Kaizen and training employees;
- Performing work of an experimental nature; and
- Unexpected circumstances requiring immediate attention to avoid interruption of work, (i.e. Breakdown, etc.)

XVI. TEAM LEADER SELECTION AND ADMINISTRATION PROCEDURE

1.1 The Parties seek to attract, retain and motivate individuals who contribute to the mutual growth and success of the total team. An objective of the Parties is to identify the most capable individual for team leader positions within the Company. In so doing, the Company tries to provide growth opportunities for employees and to assist them in developing to their full potential.

1.2 The Company and the union will establish selection criteria and promote employees from those qualified who are most capable for the team leader position. Candidates must have level 2 attendance or above (except in the case of level 1 attendance resulting from an authorized Leave of Absence) to be considered. Where two or more candidates are considered most capable, the employee with the greater seniority will be selected. In identifying qualified candidates for promotion to team leader, the following guidelines will be utilized: experience, ability, capacity to perform the team leader job, etc.

1.3 New team leaders will be subject to a four (4) month evaluation period to assess their ability on the job. The evaluation period will start as soon as the Team Leader is promoted. Criteria used to measure team leader performance will include, without limitation, the demonstrated capability to perform all the jobs on the team. In addition, the new Team Leader will attend the post-promotion training class within the (4) month evaluation period. Team leaders who fail to perform satisfactorily during the evaluation period will be returned to their former groups as team members.

1.4 The joint Team Leader Selection committee shall review current team leader training and propose continuing education for team leaders once a year. A joint report for training shall be generated and given to the Bargaining unit Chairman and the General Manager of Human Resources for review and implementation.

1.5 Team Leaders who experience performance difficulties will be referred to the Review Committee. Any potential demotion of a team leader will be referred to the Review Committee process.

XVII. Wage

1. Base Wage Rate

1.1 All employees covered by this Agreement shall be paid the following base wage rates:

(a) Division I:

1. Effective 8/8/2005 the New Hire Rates will be as follows:

Months of Service	Hired on or before 8/6/2005	Hired after 8/6/2005
0-6 months	\$20.06	\$19.58
7-12 months	\$21.38	\$20.98
13-18 months	\$22.70	\$22.38
19-24 months	\$24.02	\$23.77
25-30 months	\$25.33	\$25.17
31-36 months	\$26.65	\$26.57
After 36 months	\$27.97	\$27.97
Plus applicable COLA		

NOTE: No current Team Member will receive a lower wage under this new Agreement than being received under the old Agreement.

(2) Effective August 6, 2007 the New Hire Rates with the inclusion of the GWI will be as follows:

	Hired on or before 8/6/2005	Hired after 8/6/2005
Months of Service		
0-6 months	\$20.45	\$19.97
7-12 months	\$21.80	\$21.40
13-18 months	\$23.15	\$22.82
19-24 months	\$24.50	\$24.25
25-30 months	\$25.83	\$25.68
31-36 months	\$27.18	\$27.10
After 36 months	\$28.53	\$28.53
Plus applicable COLA		

(3) Effective August 4, 2008 the New Hire Rates with the inclusion of the GWI will be as follows:

	Hired on or before 8/6/2005	Hired after 8/6/2005
Months of Service		
0-6 months	\$21.05	\$20.57
7-12 months	\$22.45	\$22.04
13-18 months	\$23.84	\$23.51
19-24 months	\$25.23	\$24.98
25-30 months	\$26.60	\$26.45
31-36 months	\$28.00	\$27.92
After 36 months	\$29.39	\$29.39
Plus applicable COLA		

(b) Division II:

(1) Effective 8/8/05 the New Hire Rates will be as follows:

	Hired on or before 8/6/2005	Hired after 8/6/2005
Months of service		
First 90 days	\$27.74	\$27.49
After 90 days	\$32.34	\$32.34
Plus applicable COLA		

- (2) Effective 8/6/07 the New Hires Rates with the includes of the GWI will be as follows:

	Hired on or before 8/6/2005	Hired after 8/6/2005
Months of service		
First 90 days	\$28.29	\$28.04
After 90 days	\$32.99	\$32.99
Plus applicable COLA		

- (3) Effective 8/4/08 the New Hires Rates with the includes of the GWI will be as follows:

	Hired on or before 8/6/2005	Hired after 8/6/2005
Months of service		
First 90 days	\$29.13	\$28.88
After 90 days	\$33.98	\$33.98
Plus applicable COLA		

- 1.3 If an employee is absent for a full pay period(s) for any reason except vacation, jury duty, military leave, leave of absence due to industrial injury, leave of absence qualified under the Family and Medical Leave Act, or California Family Rights Act, California Pregnancy Disability Act, or Union leave of Absence, the required period(s) to increase the wage rate shall extend for such pay period(s).

- 1.4 Employees permanently transferred from Division I to Division II shall receive the hiring rate effective as set forth in Section 5 of this Article. Employees permanently transferred from Division II to Division I shall receive the relative wage rate based on the employee's prior period from hiring. The automatic rate increase shall start, if the employee is still crediting toward the maximum rate, as set forth in Section 5 of this Article.

2.0 Team Leader Premium

Team Leaders shall be paid a premium of sixty cents (\$.60) per hour, effective the date of promotion and in accordance with Section 5 of this Article.

3.0 Night Shift Premium

- 3.1 A night shift premium will be paid an employee for hours worked, including overtime hours, on a shift scheduled to start in accordance with the following chart:

Scheduled Shift Starting Time	Amount of Shift Premium Week Ending
a) On or after 11:00 a.m. and before 7:00 p.m.	5% per hour
b) On or after 7:00 p.m. and before 4:45 a.m.	10% per hour
c) On or after 4:45 a.m. and before 6:00a.m. (also see Par. B 10 of letter to Nate Gooden of 8/6/2005	10% per hour until 7:00 a.m.

- 3.2 When an employee covered by (a) above is scheduled to work more than nine (9) hours and beyond 2:00 a.m., the employee will be paid ten percent (10%) for hours worked after 12:00 midnight.

- 3.3 In applying the above night shift premium provisions, an employee shall be paid the premium rate, if any, which attaches to the shift the employee works on a particular day.

4.0 Special Lump Sum Payment

- 4.1 The Special Lump Sum Payment provided herein recognizes that a continuing improvement in employees' standard of living depends upon technological progress, better tools, methods, processes, and equipment and a cooperative attitude on the part of the parties in such progress.

- 4.2 Accordingly, a Special Lump Sum Payment will be made to each eligible employee according to the following table:

Year	Eligibility Date	Amount	Pay Date
First Year	August 6, 2005	\$3000.00	Sept. 9, 2005

Second Year	August 4, 2006	Three Percent (3%) of Qualified Earnings	Sept 8, 2006
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4.3 Eligible employees are those employees (excluding summer hires) who as of the eligibility date are on the active payroll or on one of the following leaves of absence not exceeding ninety (90) days: sick leave, education, military, personal, Workers' Compensation, and Family Medical Leave Act (FMLA)/California Family Rights Act (CFRA).

The Special Lump Sum Payment will be based on the Qualified Earnings paid to an employee during the prior twelve (12) months ending on the eligibility date.

4.4 Qualified Earnings are defined as income received by an eligible employee during the eligibility year resulting from the following:

- Straight Time Hourly Base Wages
- Straight Time COLA
- Straight Time Shift Premium
- Straight Time Team Leader Premium
- Overtime Premium for Overtime Hours
- Vacation (including PAA)
- Holiday Pay
- Bereavement Pay
- Jury Duty Pay
- Call In Pay
- Short Term Military Duty Pay
- Back pay awards related to the designated eligibility year

5. Base Rate Increases

5.1 Base rate wage increases under this Agreement shall be as follows:

3rd Year:

General Wage Increase of \$0.56/hr (to \$28.53) to the fully grown in rate for Division I and \$0.65 (to \$32.99) to the fully grown in rate for Division II, to be effective August 6, 2007.

4th Year:

General Wage Increase of \$0.86/hr (to \$29.39) to the fully grown in rate for Division I and \$0.99 (to \$33.98) to the fully grown in rate for Division II, to be effective August 4, 2008.

XVIII. COST OF LIVING ALLOWANCE

1 Cost of Living Allowance ("COLA")

Each employee covered by this Agreement shall receive a Cost of Living Allowance adjustment. It is agreed that only the Cost of Living Allowance will be subject to reduction. The Cost of Living Allowance provided in this section shall be carried as an add-on to and not as a part of the employee's base hourly wage rate and will be adjusted up or down as provided in Paragraph 2.2.

2 Adjustment

2.1 The Cost of Living Allowance will be determined by changes in the official Consumer Price Index for Urban Wage Earners and Clerical Workers (current series CPI-W), (for all items, less medical care, not seasonally adjusted) (United States City Average), published by the Bureau of Labor Statistics, U.S. Department of Labor, (1982-1984=100), referred to as the BLS Consumer Price Index.

2.2 Beginning with the execution of this Agreement, the current \$1.61 Cost of Living Allowance shall be added to the base wages of each Division in effect on that date. Thereafter, adjustments in the Cost of Living Allowance shall be made quarterly at the following times:

Schedule of COLA Adjustments	
Adjustment Date	Based on CPI 3 Month Average for:
September 5, 2005	May, June, July 05
December 5, 2005	August, September, October 05
March 6, 2006	November, December 05, January 06
June 5, 2006	February, March, April 06
September 4, 2006	May, June, July 06
December 4, 2006	August, September, October 06
March 5, 2007	November, December 06, January 07
June 4, 2007	February, March, April 07
September 3, 2007	May, June, July 07
December 3, 2007	August, September, October 07
March 3, 2008	November, December 07, January 08

Schedule of COLA Adjustments	
June 2, 2008	February, March, April 08
September 1, 2008	May, June, July 08
December 1, 2008	August, September, October 08
March 2, 2009	November, December 08, January 09

In determining the three month average of the index, the computed average shall be rounded to the nearest 0.01 Index Point, using the engineering rounding method. In no event will a decline in the three-month average Consumer Price Index below 183.18 provide a basis for a reduction in the wage scale by job classification.

3 Amount of COLA

3.1 The amount of the Cost of Living Allowance shall be zero cents per hour effective with the effective date of this Agreement and ending September 5, 2005. Effective September 5, 2005, and for any period thereafter as provided in Sections 1 and 2, the Cost of Living Allowance shall be calculated as follows:

COLA SCHEDULE

Three-Month Average Consumer Price Index	Cost of Living Allowance
183.18 or less	\$ 0.00 per hour
183.19-183.26	0.01
183.27-183.35	0.02
183.36-183.43	0.03
183.44-183.51	0.04
183.52-183.59	0.05
183.60-183.67	0.06
183.68-183.75	0.07
183.76-183.84	0.08
183.85-183.92	0.09
183.93-184.00	0.10
184.01-184.08	0.11
184.09-184.16	0.12
184.17-184.24	0.13
184.25-184.33	0.14
184.34-184.41	0.15

And so forth with \$.01 adjustment for each 0.0816 change in the Average Index.

3.2 For each adjustment during the 15 three-month periods beginning September 5, 2005 and ending March 2, 2009, in which an increase in the Cost of Living Allowance shall be required according to the above table, the amount of increase so required each three-month period shall be reduced two cents (\$.02), or by the amount of the increase, whichever is less.

Following the adjustment for the three month period beginning March 2, 2009, the sum reduced during the fifteen periods shall be subtracted from the Cost of Living Allowance table, and the table shall be adjusted so that the actual three-month Average Consumer Price Index equates to

the allowance payable during the period beginning March 2, 2009.

4 Application

The amount of Cost of Living Allowance in effect at the time shall be included in computing overtime premium, night shift premium, vacation pay, holiday payment, jury duty payment, call-in pay, bereavement pay, and short term military duty pay.

BLS Consumer Price Index

5.1 If the Bureau of Labor Statistics does not issue the appropriate Consumer Price Indexes by the beginning of the pay period referred to in Paragraph 2.2, any adjustments in the Cost of Living Allowance required by the Indexes shall take effect at the beginning of the first pay period after receipt of the Indexes.

5.2 No adjustment, retroactive or otherwise, shall be made because of any subsequent revision in the published figures for the BLS Consumer Price Index for any months specified in Paragraph 2.2.

5.3 The continuance of the Cost of Living Allowance depends upon the availability of the monthly BLS Consumer Price Index in its present form and calculated on the same basis as the Indexes for June, 2005 unless otherwise agreed upon by the Parties. If the Bureau of Labor Statistics changes the form or the basis of calculating the BLS Consumer Price Index for Urban Wage Earners, the Parties will request the Bureau to make available, for the life of this Agreement, a monthly Consumer Price Index in its present form and calculated on the same basis as the Index for June, 2005.

5.4 The company will notify the International Union UAW, Transnational Department of the quarterly COLA calculation and amount prior to adjustment date.

XIX. WORKING HOURS

1. Hours Of Work

1.1 The regular workday shall consist of not more than eight (8) consecutive hours (exclusive of the lunch period referred to in Appendix "A") in any twenty-four (24) hour period. The regular workweek shall be five (5) consecutive eight (8) hour days, Monday through Friday. The provisions of this paragraph shall not be construed as a guarantee that any employee will receive any specific number of hours of work per day or per week.

1.2 The Company shall provide a thirty (30) minute lunch as contained in Appendix "A", and two (2) fifteen (15) minute rest periods per shift. One rest period shall be scheduled during the first half of the shift and the other during the last half. Rest periods during overtime shall be provided as follows:

- One hour overtime scheduled. Seven (7) minutes.
- Two hours overtime scheduled. Fourteen (14) minutes.
- Breaks to be taken at the beginning of scheduled overtime hours.

1.3 The Company may vary or change the scheduled hours and the work week whenever or wherever it is deemed advisable or necessary. If a change in the starting time of a shift or if a work schedule is decided upon, such change will be discussed with the Chairperson of the Bargaining Committee as far in advance as possible. The Company shall post notices of major changes in the work schedule a reasonable time before such changes shall become effective.

2. Computation Of Overtime Premium

2.1 For computing overtime premium pay, the regular working day is eight (8) hours and the regular working week is forty (40) hours.

2.2 Employees will be compensated on the calendar day when their shift starts working, for the regular working hours of that shift.

The employee's working week shall be a calendar week beginning on Monday.

2.3 Employees will be compensated as follows:

Straight Time

- (a) For the first eight (8) hours worked in any continuous twenty-four (24) hours, beginning with the starting time of the employee's shift.
- (b) For the first forty (40) hours worked in the employee's working week, less all time for which daily, Saturday, Sunday or holiday overtime has been earned.
- (c) For time worked during the regular working hours of any shift which starts on the day before and continues into a specified holiday or a Saturday.

Time-and-One-Half

- (a) For time worked in excess of eight (8) hours in any continuous twenty-four (24) hours, beginning with the starting time of the employee's shift, except if such time is worked on a Sunday or holiday when double time will be paid as provided below.
- (b) For time worked in excess of forty (40) hours in the employee's working week, less all time for which daily, Saturday, Sunday, or holiday overtime has been earned.
- (c) For time worked on any shift which starts on Saturday.

Double Time

- (a) For time worked during the first eight (8) hours on any shift that starts on Sunday or on a specified holiday.
- (b) For time worked on the calendar Sunday or a specified holiday in excess of the first eight (8) hours worked on any shift that starts on Sunday or a specified holiday.

- (c) For time worked on a Sunday or specified holiday in excess of eight (8) hours worked on a shift which starts the previous day and runs over into Sunday or a specified holiday.

- (d) For time worked in excess of twelve (12) hours in any continuous twenty-four (24) hours beginning with the starting time of the employee's shift.

3. **Hours Worked**

- 3.1 The following shall not be counted as hours worked in computing overtime:

- (a) Vacation pay, bereavement pay, jury duty pay, holiday pay, or short term military duty;
- (b) Call-in or reporting pay if no work is performed, provided the employee is immediately released;
- (c) Lunch periods;

- 3.2 Premium payments shall not be duplicated for the same hours worked.

XX. OVERTIME

1. General

- 1.1 The parties recognize that the nature of the automobile business often requires employees to work overtime. Overtime to repair breakdowns on essential equipment is often necessary to prevent or minimize interruptions in plant operations. Overtime also may be necessary on bottleneck jobs, during certain times of the year in order to meet model change deadlines, to satisfy fluctuations in customer demand for the Company's products, and for other good reasons.

- 1.2 An individual employee's personal problems in connection with working overtime should be given careful consideration and the employee's individual needs should be recognized. The

individual employee's request to be excused from an overtime work assignment, when made a reasonable period of time in advance, should receive every possible consideration. When the employee's request is granted the employee will be notified as far in advance as possible so that the employee can make personal plans accordingly. Thereafter, any cancellation or change in the arrangements to excuse the employee will only be made with the employee's consent.

2. **Mandatory Overtime**

2.1 Daily Overtime: Hours in excess of ten (10) hours worked per shift shall be voluntary, for an employee who shall have notified the Company in accordance with Paragraph 2.5.

2.2 Saturday Overtime: Employees may be required to work Saturdays; however, except as otherwise provided in this Article, an employee who has worked two or more consecutive Saturdays may decline to work the following (third) Saturday provided (a) the employee shall have notified the Company in accordance with Paragraph 2.5 and, (b) the employee has not missed any day during the week preceding the Saturday.

2.3 Sunday Overtime: Except as otherwise provided in this Section, overtime work on Sundays shall be voluntary; provided however, that (a) the employee shall have notified the Company in accordance with Paragraph 2.5 and, (b) the employee has not missed any time during the week preceding such Sunday, except for a Saturday which the employee declined to work pursuant to Paragraph 2.2 above.

2.4 Continuous Operations: This section shall not apply to employees working on what are normally considered as continuous operations. The Company will meet and confer with the Union about any overtime problems connected with employees on such operations.

2.5 Notice: With respect to all voluntary hours provided for in this Section in a given week, the employee may decline to work such

hours if the employee notifies the Group Leader, on a form to be provided by the Company, before the end of the shift on the preceding Wednesday, provided the employee has been notified of the overtime schedules for such week not later than the preceding day. If the employee is not so notified, the employee shall give such notice to the Group Leader before the end of the shift following the day of such notice, provided that if the employee is not so notified until the day on which the overtime is scheduled, the employee shall give notice by at least one hour before the end of the shift in which the employee received such notice from the Company.

3. **Maintenance:** Maintenance work after regular production or on Saturday or Sunday that is essential to smooth production may be required of employees in Division II, regardless of other provisions in this Article. Scheduled mandatory overtime will be announced by the end of shift on Wednesday of each week. If additional overtime is required for emergency or essential operations after the Wednesday announcement, the Bargaining Committee Chairman or designee will be informed. However, the Company will grant, where practicable, an employee's request to be excused from such overtime work on a given day for good reason. Such request should be made as far in advance as possible and in writing. The employee will be promptly notified of the disposition of the request.

4. **Critical Operations**

4.1 Critical operations are those that are essential to meeting scheduled production needs, and as a result, must operate, in whole or in part, seven (7) days a week.

4.2 The Company may, from time to time, designate operations as critical, provided, however, that fifteen (15) days prior to making such designations, it will inform the Union, which will indicate its objections, if any, to an operation being so designated.

4.3 Any operation that the Company designates as critical, shall for a period of ninety (90) days after it is so designated, be exempt

from the provisions of this Article. After an operation has been initially designated as critical, it may thereafter be redesignated as such by mutual agreement.

5. Annual Automatic Exemptions

The provisions of this Article that limit or restrict the right of the Company shall be ineffective in the plant (a) beginning on a date two (2) weeks preceding the announced build-out date and ending on the build-out date, i.e., when the plant produces for sale the last unit of the model it has been producing; provided, however, the above-mentioned provisions may be ineffective for up to two (2) additional weeks, provided the Company gives advance notice of supply or other problems which would interfere with the build-out, and (b) for the week in which it launches, i.e., after the build-out, frames the first unit of a new model, and for three (3) weeks thereafter or until the line reaches scheduled production, whichever is later.

5.2 These provisions shall likewise be ineffective during model change time each year for periods to be designated by the company that shall not exceed, in the aggregate, four (4) weeks. The Union will be advised in advance of such designated periods.

6. Concerted Activity

Any right to decline daily overtime or Saturday or Sunday work that this Article confers on any employee must be exercised only by each employee acting separately and individually.

7. Emergencies

The provisions of this Article that limit or restrict the right of the Company to require employees to work daily overtime or Saturdays or Sundays shall be suspended if operations are interrupted by emergency situations, such as single breakdowns of four (4) hours or more, government mandated work, power shortages, strike, fire, tornado, flood or acts of God, for a period of time necessary to overcome such emergencies.

8. Work Force Requirements

Nothing herein shall preclude the Company from expanding its work force beyond the normal requirements or its operations by hiring new employees up to 90 days and adopting a program pursuant to which employees of the plant may have one (1) or two (2) days off per week (which days need not be Saturdays or Sundays), provided that the Company shall meet and mutually agree with the Union prior to taking such action.

9. Balancing

Extra work in periods of overtime operations will be balanced among the employees in the Group engaged in similar work, as far as practical. Information concerning balancing of hours status will be openly displayed in every team room so that every employee involved may check their standing.

XXI. Holidays

1. Holidays

The Company will pay employees eight (8) hours pay at their regular assigned rates of pay subject to eligibility, for the following holidays:

2005 - 2006		
Holiday	Date	Day
Labor Day	Sept. 5, 2005	Monday
Thanksgiving Day	Nov. 24, 2005	Thursday
Day After Thanksgiving	Nov. 25, 2005	Friday
Christmas Shutdown	Dec. 26, 2005	Monday
	Dec. 27, 2005	Tuesday
	Dec. 28, 2005	Wednesday
	Dec. 29, 2005	Thursday
	Dec. 30, 2005	Friday
Personal Holiday	T.B.D.	T.B.D.
Martin Luther King Jr. Birthday	Jan. 16, 2006	Monday
President's Day/Cesar Chavez Memorial Day	Feb. 20, 2006	Monday
Good Friday	April 14, 2006	Friday
Memorial Day	May 29, 2006	Monday

2005 - 2006		
Holiday	Date	Day
Day before Independence Day	July 3, 2006	Monday
Independence Day	July 4, 2006	Tuesday
2006 - 2007		
Holiday	Date	Day
Labor Day	Sept. 4, 2006	Monday
Election Day	Nov. 7, 2006	Tuesday
Thanksgiving	Nov. 23, 2006	Thursday
Day after Thanksgiving	Nov. 24, 2006	Friday
Christmas Shutdown	Dec. 25, 2006	Monday
	Dec. 26, 2006	Tuesday
	Dec. 27, 2006	Wednesday
	Dec. 28, 2006	Thursday
	Dec. 29, 2006	Friday
	Jan. 1, 2007	Monday
Martin Luther King Jr. Birthday	Jan. 15, 2007	Monday
President's Day/Cesar Chavez Memorial Day	Feb. 19, 2007	Monday
Good Friday	April 6, 2007	Friday
Memorial Day	May 28, 2007	Monday
Independence Day	July 4, 2007	Wednesday
Personal Holiday	T.B.D.	T.B.D.
2007 - 2008		
Holiday	Date	Day
Labor Day	Sept. 3, 2007	Monday
Thanksgiving	Nov. 22, 2007	Thursday
Day after Thanksgiving	Nov. 23, 2007	Friday
Christmas Shutdown	Dec. 24, 2007	Monday
	Dec. 25, 2007	Tuesday
	Dec. 26, 2007	Wednesday
	Dec. 27, 2007	Thursday
	Dec. 28, 2007	Friday
	Dec. 31, 2007	Monday
	Jan. 1, 2008	Tuesday
Martin Luther King Jr. Birthday	Jan. 21, 2008	Monday

President's Day/ Cesar Chavez Memorial Day	Feb. 18, 2008	Monday
Good Friday	March 21, 2008	Friday
Memorial Day	May 26, 2008	Monday
Independence Day	July 4, 2008	Friday
Personal Holiday	T.B.D.	T.B.D.

2008 - 2009		
Holiday	Date	Day
Labor Day	Sept. 1, 2008	Monday
Election Day	Nov. 4, 2008	Tuesday
Veteran's Day	Nov. 10, 2008	Monday
Thanksgiving	Nov. 27, 2008	Thursday
Day after Thanksgiving	Nov. 28, 2008	Friday
Christmas Shutdown	Dec. 24, 2008	Wednesday
	Dec. 25, 2008	Thursday
	Dec. 26, 2008	Friday
	Dec. 29, 2008	Monday
	Dec. 30, 2008	Tuesday
	Dec. 31, 2008	Wednesday
	Jan. 1, 2009	Thursday
	Jan. 2, 2009	Friday
Martin Luther King Birthday	Jan. 19, 2009	Monday
President's Day/ Cesar Chavez Memorial Day	Feb. 16, 2009	Monday
Good Friday	April 10, 2009	Friday
Memorial Day	May 25, 2009	Monday
Day before Independence Day	July 3, 2009	Friday
Personal Holiday	TBD	TBD

2. Personal Holiday

2.1 Each employee who has completed the initial evaluation period will be eligible to take one (1) eight (8) hour personal holiday each year of the current agreement. The personal holiday must be requested in writing on a form provided by the Company, and scheduled and approved by the Group Leader at least two weeks in advance of the proposed day off. A request for a specific day will be considered on a first come, first served

basis. Where two employees request the same day at the same time, the employee with greater seniority will be given priority. Employees will be notified of the approval or denial of the requested personal holiday date within one (1) week from the date the request is received by the Group Leader. Approval may be withheld due to production needs. Personal holidays are not subject to the 10% vacation scheduling rule.

2.2 Personal holidays may not be carried over from contract year to contract year. A personal holiday to which the employee was entitled but did not use during either of the 2005/06, 2006/07, 2007/08 and 2008/09 contract years will be paid no later than the third pay period in August following the end of that contract year. The rate of pay for the personal holiday will be in accordance with Article XXI of this Agreement.

Eligibility

3.1 All employees, including employees who have not yet completed their initial evaluation period are eligible for holiday pay.

3.2 To receive pay for a recognized holiday, eligible employees must work the last regularly scheduled full shift the day before the holiday and the first regularly scheduled full shift the day after the holiday. An exception shall be made if an employee reports to work within one-hour from the scheduled start of their shift. Employees scheduled to work on a designated holiday and who fail to do so will not be eligible for holiday pay for that day.

3.3 For the purpose of Paragraph 3.2 above, work is defined as actually working a full shift on the scheduled work day or being on an approved absence such as vacation or scheduled PAA, (must be scheduled and approved at least two (2) weeks in advance of the holiday), or a leave qualified under the Family and Medical Leave Act or the Family School Partnership Act where vacation or PAA was applied, bereavement leave, jury duty leave, short-term military leave, or union activity leave for that day.

Pay For Holidays

4.1 Holiday pay for eligible employees will be calculated on the basis of eight (8) hours pay at the employee's regular base rate plus COLA, shift premium, and Team Leader premium if applicable.

4.2 Employees who are required to work on a scheduled holiday will receive overtime pay in accordance with Section 2, Article XIX. Only actual

hours worked on the holiday will be included in the overtime calculation.

4.3 Employees who work on a designated holiday and who are otherwise eligible for holiday pay may request that eight (8) hours be credited to their vacation hours. This request will be in lieu of receiving holiday pay. "Holiday Bank Hours" must be used by the following August. Any "Holiday Bank Hours" not used by the following August will be paid no later than the third (3rd) pay period in August. "Holiday Bank Hours" for the fourth (4th) of July Holiday period will be carried over to August of the next year.

4.4 In order to provide sufficient time for administration, the employees must submit their request to withhold holiday pay and credit their vacation hours in writing. This request must be made no later than the last regularly scheduled workday of the week in which the holiday occurs.

5. Provisions

5.1 If a holiday occurs during an employee's vacation, it will be treated as a holiday and not charged against vacation time.

5.2 If a holiday occurs while an employee is on jury duty leave, or short-term military leave, the employee will be entitled to receive the difference between normal holiday pay and any amount received for that day as a result of being on leave.

XXII. VACATION (AND PAA)

1. Vacation Hours And Vacation Allowance

1.1 The Vacation Accrual date for all regular full-time employees will be the Monday of the first pay period in February, May, August or November, based on date of hire, as follows:

HIRE DATE	ACCRUAL YEAR
January 1 - March 31	January 1 - December 31
April 1 - June 30	April 1 - March 31
July 1 - September 30	July 1 - June 30
October 1 - December 31	October 1 - September 30

1.2 Employees are eligible for paid vacation based on attendance and seniority attained in the preceding Accrual year as of the first day

of the current Accrual Year in accordance with the schedule below:

SCHEDULE OF VACATION HOURS

Full Years of Seniority	Level 1	Level 2	Level 3
1	64	80	88
2	80	100	108
3	80	100	108
4	96	120	128
5	96	120	128
6	96	120	128
7	96	120	128
8	96	120	128
9	112	140	148
10 - 13	112	140	148
14 or more	128	160	168

1.3 Level of Attendance for the preceding Accrual Year will be determined as of the first day of the current Accrual Year.

1.4 Level 2 Attendance

An employee's attendance is "level 2" if the employee has not missed more than ten (10) days in the previous Accrual Year, nor more than six (6) days in the previous six (6) months prior to the eligibility date for earned vacation hours.

Certain approved absences are not counted for this purpose: vacation, holiday, jury duty, bereavement leave, military leave, personal leave, Union activity leave, FMLA/CFRA leave, pregnancy disability leave taken under state law, Industrial Injury/Illness, subpoenaed to appear in a court of law and suspension. Additionally, approved sick leave for an employee with less than six (6) months seniority is not counted for this purpose.

1.5 An employee's attendance is considered "level 3" if the employee has not missed any day in the previous Accrual Year prior to the eligibility date for earned vacation hours. Certain approved absences are not counted for this purpose: vacation, holidays, jury duty, subpoenaed to appear in a court of law, bereavement leave, military leave, FMLA/CFRA leave, pregnancy disability leave taken under state law, and union activity leave. When one period of absence due to illness or injury includes time in two (2) eligibility periods and this period of absence results in level 1 attendance, that period of absence will not be included in calculating level 2 attendance for the second eligibility period unless the employee misses additional time during that eligibility period.

1.6 Newly hired employees will receive twenty-eight (28) hours of vacation on the second pay period of the month following six (6) months of service.

1.7 Vacation Allowance is calculated in accordance with the following:

Vacation Allowance = Rate of pay (*1) x Earned Vacation Hours x Earned Vacation Allowance percentage (*2).

*1 Rate of pay (base wage rate, COLA, shift premium, and Team Leader premium, if applicable) as of the pay period in which the vacation occurs or is paid in lieu of vacation.

*2 The Earned Vacation Allowance Percentage is based on the number of pay periods the employee earned in the twelve (12) months of the employee's preceding Accrual Year, calculated as follows:

Pay Periods Earned in Preceding 12-Month Period	Earned Vacation Allowance Percentage
26	100%
25	96%
24	92%
23	88%
22	84%
21	80%
20	76%
19	73%
18	69%
17	65%
16	61%
15	57%
14	53%
13	50%
Less than 13	0%

For employees with six (6) months seniority and level 2 attendance, the earned vacation allowance percentage shall be a hundred percent (100%) regardless of the number of pay periods earned.

2. Vacation Scheduling

2.1 Employees will give written notice of their desired vacation dates and alternate dates for eligible vacation hours during the "vacation year" (April 1 - March 30) of each year. The notice shall be given on a form provided by the Company, by February 1, of each succeeding year.

2.2 Earned paid vacation is to be used for the period from the employee's eligibility date to the next eligibility date. However, the employee may carry over up to forty (40) hours of earned paid vacation for an additional twelve (12) month period. **This forty (40) hours carry over does not include "holiday bank hours"**

2.3 If the Company shuts down for vacation periods or changeover, employees entitled to vacation must schedule that vacation during

the shutdown (unless the employee is scheduled for work during the shutdown). Normally, vacation shutdown periods will be announced by February 1. In regards to any shutdown scheduled during 2006, the Company will offer Team Members three options:

- The use of Vacation/PAA
- No Work, No Pay, No Penalty
- Work will be provided

2.4 The Company will try to accommodate each employee's schedule. Normally, no more than ten (10) percent of the employees in a Group will be permitted to take vacation at any one time with no more than one employee per team on vacation at any one time. Normally, Team Members will give no less than two (2) calendar weeks notice prior to the date they intend to start their vacation. In case of conflict, employees with greater seniority will be given priority. When a mandatory Saturday is scheduled, those team members granted approved vacation during the vacation scheduling period for the Friday before or Monday after the mandatory Saturday will be allowed to take the mandatory Saturday off without use of vacation, consistent with this section and based on seniority. Requests thereafter will be based on the date of vacation submission.

2.5 Employees will be notified of their approved dates by March 1st. Vacation dates once approved will not be changed by the Company except for unusual and unexpected production requirements. Employees may exchange approved vacation dates upon approval by their Group Leader. However, an employee cannot use seniority to displace another employee's vacation dates.

2.6 Vacation

Employees are encouraged to take vacation hours in forty (40) hour increments. However, upon approval by their Group Leader, employees will be permitted to take vacation hours in no less than four (4) hour increments up to forty (40) hours, or sixteen (16) hours for less than one (1) year seniority employees.

2.7 Vacation used as Personal Absence Allowance (PAA)

Upon approval by their Group Leader, employees will be permitted to use vacation hours as PAA up to forty (40) hours, or twelve (12) hours for less than one (1) year seniority employees. This portion of the vacation (PAA purpose) shall be used automatically in all cases before any employee takes a day off without pay except, in the case of an approved personal (i.e., non-industrial) sick leave of absence of five (5) days or more where utilization of the PAA portion will be at the option of the employee.

3. Pay In Lieu Of Vacation

3.1 Any earned vacation hours not used during period provided in Paragraph 2.2 will be paid within three (3) weeks after the eligibility date.

3.2 Team members may, upon one (1) calendar week's notice to the Payroll Department, receive pay in lieu of vacation in excess of forty (40) hours. Vacation payouts shall be in forty (40) hour increments, or, if the balance remaining as of the date of the request is less than forty (40) hours, the entire balance.

4. Vacation Pay Upon Separation

4.1 An employee who is terminated or quits for any reason on or after the employee becomes entitled to a vacation and before the employee has received a vacation will be paid a lump sum in lieu of vacation computed as the amount to which the employee would be entitled if the employee's vacation were to begin on the day on which employment was terminated.

4.2 If an employee retires or dies, but in no other event, prorated vacation from the employee's last accrual date will be paid in addition to the vacation earned in Paragraph 4.1.

5. Vacation Pay

Employees will be paid their earned vacation allowance on the last work day immediately preceding their vacation period,

provided the employee submits an earned vacation allowance request at least two (2) weeks in advance.

XXIII. LEAVES OF ABSENCE

1. Definition

A leave of absence means approved time off from work with or without pay for a specific period of time for serious or compelling reasons as described below.

2. Eligibility

2.1 Employees who have not completed their initial evaluation period are not eligible for a leave of absence, except where such leave is legally required.

2.2 The Company will grant time off without pay in lieu of a leave to employees ineligible for leave where it is determined that serious or compelling reasons exist.

3. Bereavement Leave

3.1 In case of a death in the immediate family, employees are eligible for a leave of absence, not to exceed three (3) consecutive working days, or five (5) consecutive working days in the case of the death of a current spouse, parent, child or step-child, to attend the service unless circumstances make attendance at the service impossible.

3.2 Immediate family is defined as the employee's spouse, parent, stepparent, grandparent, great grandparent, child, stepchild, grandchild, brother, stepbrother, half-brother, sister, stepsister, half-sister, current spouse's parent, current spouse's stepparent, current spouse's grandparent, and current spouse's great grandparent.

3.3 The employee must take the leave within ten (10) days of the date of death unless the service is delayed. If the service is delayed, the bereavement leave may be delayed until the date of the service.

3.4 Employees who have completed the evaluation period will receive their regular base rate, plus COLA, shift premium and Team Leader premium, if applicable, for each day they would otherwise have been scheduled to work.

In instances where an employee is on an approved leave of absence or vacation and when death occurs during the first seven (7) calendar days of the leave, the employee shall be paid as described above. This pay shall not exceed eight (8) hours per day for three (3) days.

3.5 If time off in excess of paid bereavement leave is required and approved by the Company due to travel or other unusual circumstances, it may be charged against earned vacation hours or taken as time-off without pay, depending upon the employee's preference. Time off in excess of paid bereavement leave must be approved by the Company.

3.6 Employees requesting bereavement pay must submit an "Application For Bereavement Pay" form to the Company.

4. Jury Duty Leave

4.1 Employees legally summoned for jury duty are eligible for jury duty leave upon providing the Company with a copy of their summons.

Employees with an established shift starting time on or after 7:00 p.m. and on or before 4:45 a.m. will be excused from work on either their shift immediately preceding the jury service, or their shift immediately following the completion of the jury service, at the option of the employee. Such employee must notify their immediate supervisor of their election prior to being absent for jury duty.

4.2 Employees who have completed the initial evaluation period at the time the leave begins will receive payment equal to the difference between their regular base rate, plus COLA, shift

premium and Team Leader premium if applicable, and any pay received from the court (excluding travel) for each day on which they are required to report or perform jury duty and would otherwise have been scheduled to work. Such pay will not exceed eight (8) hours per day.

4.3 Employees must submit satisfactory documentation to the Company that jury duty was performed on the days for which pay is requested.

4.4 Employees legally subpoenaed to appear in a court of law will be granted an allowable absence without pay or penalty. Such employees must submit satisfactory documentation to the Company for the days for which the allowable absence is requested.

5. Short-Term Military Leave

5.1 Employees who are members of the U.S. Armed Forces Reserve or National Guard and are called to short-term military duty are eligible for a leave of absence for the length of call-up to a maximum of thirty (30) calendar days.

5.2 Upon notice to report for military duty employees must provide the Company with a copy of their military orders.

5.3 Employees who have completed at least six (6) months of seniority will receive payment equal to the difference between their regular base rate, plus COLA, shift premium and Team Leader premium if applicable, and the amount of military base pay received (excluding rations, subsistence, and travel) for each day they would otherwise have been scheduled to work. Such pay will not exceed eight (8) hours per day and is limited to a maximum of ten (10) working days in each calendar year except in cases of call-up for public emergency.

5.4 Employees may elect to take earned vacation hours during this period with no reduction in pay for any military pay received.